Robert W. Hatch, II, admitted *Pro Hac Vice*
Christopher J. Conant
950 17th Street, Suite 1700
(303) 298-1800
(303) 298-1804
rhatch@hatchlawyers.com, cconant@hatchlawyers.com
Attorney for Western Capital Partners LLC

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MONTANA

In re: Edra D. Blixseth Debtor.	Case No. 09-60452 Chapter 7
THE BANKRUPTCY ESTATE OF EDRA D. BLIXSETH, Plaintiff, v. CROSSHARBOR CAPITAL PARTNERS, LLC, a Delaware limited liability company; CIP YELLOWSTONE LENDING, LLC, a Delaware limited liability company, Defendants.	Adversary No. ____________

COMPLAINT

Pursuant to this Court's February 23, 2010 Order at Docket No. 637, Western Capital Partners LLC, a Colorado limited liability company (hereinafter "**WCP**"), hereby submits this Complaint on behalf of the bankruptcy estate of Edra D. Blixseth against CrossHarbor Capital Partners, LLC and CIP Yellowstone Lending, LLC (interchangeably and collectively referred to herein as "**CrossHarbor**" or "**Byrne**") to recover damages that the Bankruptcy Estate of Edra D. Blixseth ("**Debtor**") has suffered, and property that her estate has lost, as a result of a fraudulent transfer of the Debtor's assets that she made to CrossHarbor on or about August 13, 2008. In support of this Complaint, WCP states as follows:

JURISDICTION AND VENUE

1. The Debtor filed a Petition in this Court under Chapter 11 of the Bankruptcy Code on the 26th day of March, 2009.

2. The filing of the Petition created the case in this District referred to as *In re Edra D. Blixseth*, Case No. 09-60452.

3. The Debtor's bankruptcy case was converted to one under Chapter 7 of the Bankruptcy Code on or about May 29, 2009.

4. This Court has jurisdiction over this adversary proceeding pursuant to 28 U.S.C. §§ 1334(b) and 157(b).

5. This adversary proceeding is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(H).

6. Venue of this adversary proceeding is proper in this District pursuant to 28 U.S.C. § 1409(a).

7. This adversary proceeding is commenced pursuant to F.R.B.P. 7001(1), (9) to recover money or property for the Debtor's estate and for a declaratory judgment regarding the same.

PARTIES

8. WCP is a Colorado limited liability company with its principal place of business located in Denver, Colorado.

9. WCP has been granted derivative standing to pursue the claims and causes of action herein alleged on behalf of the Debtor's estate pursuant to this Court's Order found at Docket # 637 in Case No. 09-60452.

10. CrossHarbor Capital Partners, LLC is a Delaware limited liability company and a creditor in the above referenced bankruptcy case of the Debtor.

11. CIP Yellowstone Lending, LLC is a Delaware limited liability company and a creditor in the above referenced bankruptcy case of the Debtor.

12. Although not a named defendant, Samuel T. Byrne is an individual who resides in the State of Massachusetts. Byrne is the founder and managing member of CrossHarbor Capital Partners, LLC and CIP Yellowstone Lending, LLC and in this capacity controls both entities.

13. Upon information and belief, CIP Yellowstone Lending, LLC is a wholly owned subsidiary of CrossHarbor Capital Partners, LLC and is otherwise completely controlled and directed by CrossHarbor Capital Partners, LLC and Byrne.

INTRODUCTION

14. On behalf of the bankruptcy estate of Edra D. Blixseth, WCP respectfully submits that CrossHarbor and Byrne as existing institutional land owners, home owners and Member of the Yellowstone Club ("**Club**") methodically strategized to gain complete ownership of the Club, the Family Compound and Porcupine Creek at distressed, below market values and at the expense of other creditors of the Debtor.

15. CrossHarbor and Byrne signed a Letter of Intent on June 28, 2007 with the Debtor's former husband, Timothy L. Blixseth as President of Blixseth Group, Inc. and manager of the Yellowstone Club entities ("**Seller**"), to buy the Club for $510,000,000.

16. A true and correct copy of the Letter of Intent is attached hereto as **Exhibit 1**.

17. Based on this LOI, on or about August 2007, CrossHarbor then purchased 31 of approximately 500 developable lots (or 6% of total deliverable lots in the Club) within the Club for $54,000,000.

18. Simultaneously, CrossHarbor and Byrne underwent an extensive multimillion-dollar due diligence of the Club wherein it obtained substantially all of the

Club's proprietary information.

19. Following this due diligence, CrossHarbor and Byrne executed a $455,690,000, two-hundred page Asset Purchase Agreement (the "**APA**") on January 15, 2008 (the price had been adjusted for the previous mentioned lot sales).

20. A true and correct copy of the APA is attached hereto as **Exhibit 2**.

21. On March 26, 2008, Cross Harbor terminated the APA.

22. Prior to terminating the APA, CrossHarbor and Byrne had proposed a pre-packaged bankruptcy for the Club to reduce its purchase price.

23. The Seller rejected this proposal.

24. While CrossHarbor was in negotiations with the Seller to purchase the Club, WCP has been informed and believes CrossHarbor and Byrne were also working on an alternative effort with the Debtor to induce her into working with them to obtain ownership of the Club.

25. By engaging in these dual tracks and separate discussions with the Seller and the Debtor, CrossHarbor and Byrne appear to have be created an "arbitrage" situation for their own benefit and at the expense of all other creditors.

26. CrossHarbor and Byrne engaged the Debtor in these discussions even though two divorce court orders prohibited her from interfering with Mr. Blixseth's efforts to sell the Club to Byrne and CrossHarbor.

27. Indeed, upon information and belief, CrossHarbor and Byrne knew that the Debtor had no legal authority to engage in discussions with them to sell the Club because the Debtor was not an owner of the Yellowstone Club entities, including BLX Group, Inc., prior to August 13, 2008.

28. Notwithstanding the two court orders, WCP is informed and believes that five days before CrossHarbor and Byrne terminated the APA with the Seller, the Debtor's agent met with Byrne in his office in Boston to purportedly discuss how the Debtor and Byrne could form a partnership with respect to the Club acquisition.

29. Through extensive negotiations, threats of litigation, elaborate projections and a PowerPoint presentation showing the Debtor personally making an enormous amount of profit for collaborating with CrossHarbor, Byrne and CrossHarbor induced the Debtor to:

(a) Turn over total effective ownership control of the Club to CrossHarbor and Byrne through an "Agreement to Form"; and;

(b) Assign all development rights to the Family Compound to CrossHarbor and Byrne;

(c) Enter into a loan transaction with Byrne and CrossHarbor (the "**$35M Loan**") that Byrne and CrossHarbor knew was in default the moment she executed it, wherein the Debtor encumbered and cross collateralized her last meaningful "free and clear" real estate assets, for a $35,000,000 "loan", with proceeds going almost entirely to third parties (including $13,094,973.33 to CrossHarbor). This loan was at 17% of Porcupine Creek's then appraised value of $207,590,000, or 13% of the Debtor's collateralized property value when adding in CrossHarbor's own $56,000,000 purchase contract for the Family Compound.

30. The $35M Loan proceeds were distributed almost entirely to third parties (including $13,094,973.33 to CrossHarbor).

31. As part of the $35M Loan, the Debtor pledged or caused to be pledged, the following real property (the "**Collateral Properties**"):

(a) A first position deed of trust against Porcupine Creek;

(b) A first position mortgage against the Family Compound;

(c) A 3rd position mortgage against the Family Compound; and

(d) A first position deed of trust against the Debtor's Gardess Road properties.

32. Upon information and belief, at the time the $35M Loan was extended, the Collateral Properties were estimated to value in excess of $263,000,000.

33. The $35M Loan matured approximately six weeks after it closed.

34. Upon information and belief, the $35M Loan was extended with the intent and purpose of engineering an opportunity for CrossHarbor to acquire ownership of all or substantially all of the Collateral Properties, and obtain ownership control of the Club at the same time, all to the detriment of the Debtor's creditors.

35. As a necessary component of the $35M Loan, CrossHarbor and Byrne required the Debtor to execute an Agreement to Form.

36. The Agreement to Form memorialized part of the joint venture between CrossHarbor and the Debtor.

37. Upon information and belief, at or about the time the $35M Loan was closed, Byrne and the Debtor had discussions about bankruptcies for the Debtor, the Club and the Debtor's entities.

38. As evidence of the fact that CrossHarbor and Byrne did not intend for the $35M Loan to actually be a "loan" but rather a means of obtaining ownership control of the Collateral Properties and the Club, Byrne has admitted that he did not believe the Debtor's personal financial statements were accurate at the time the $35M Loan closed. Moreover, Byrne has admitted that he did not obtain or review an appraisal for Porcupine Creek prior to closing the $35M Loan.

39. Instead, more important to Byrne for closing the $35M Loan was his participation with the Debtor in her divorce proceedings and review and approval of all the Debtor's final marital settlement documents to ensure that she received the Collateral Properties and the Club our of the divorce in a manner that was acceptable to him and CrossHarbor for their purposes of obtaining ownership control of those assets.

40. In fact, upon information and belief, CrossHarbor and Byrne either had actual knowledge or compelling reasons to know that the Debtor was actually insolvent

and in default on over $40 million of loans, as of August 13, 2008, when its $35M Loan was made.

41. Dispositively, the Debtor has admitted, under oath, that she was insolvent on the date of the $35M Loan closing and knew she was insolvent when she and CrossHarbor and Byrne made their agreement for CrossHarbor to loan her the money in order to gain control of the Club out of the divorce proceedings.

42. The Club went into bankruptcy approximately 89 days after the $35M Loan was closed, even though the Agreement to Form called for CrossHarbor and Byrne to immediately raise over $100 million in capital for the Club which would have avoided such a result.

43. That CrossHarbor and Byrne helped place the Club into bankruptcy only 89 days after gaining effective ownership control of the Club is not surprising because CrossHarbor and Byrne had proposed placing the Club in bankruptcy in March, 2008, only eight months earlier.

44. CrossHarbor eventually "bought" the Club through bankruptcy proceedings for $115,000,000 or 25% of the original $455,690,000 APA.

45. CrossHarbor now publicly boasts about the profits it stands to make from its distressed purchase of the Club, which they orchestrated, at the expense of other creditors.

46. CrossHarbor and Byrne have recently attempted to "buy" the Family Compound from the Debtor's bankruptcy for only an $8 million[1] credit bid off its 1st Position Family Compound Mortgage, or 15% of its previous $56,000,000 contract price for that property.

47. Consistent with its pattern and practice, after Crossharbor and Byrne

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[1] In addition to the $8 million credit bid, CrossHarbor is willing to pay the Debtor's Chapter 7 Trustee an additional $500,000 in cash as a carve-out in consideration for selling the Family Compound through a 363 Motion.

gained control of the development rights through the Agreement to Form, Byrne has attempted to "buy" the Family Compound from the Debtor's bankruptcy estate by inducing the Debtor's Chapter 7 Trustee into selling the Family Compound through a bidding procedure designed to discourage competitive bids from third parties; once again ensuring that Byrne and CrossHarbor obtain the Debtor's assets for substantially less than what they are worth.

48. What emerges from the conduct of CrossHarbor and Byrne is a concerted effort on their part to take advantage of a contentious divorce, wherein they obtained control over the Debtor, made undeliverable promises to the Debtor that she would personally make a profit of over $600 million[2] if she took the $35M Loan and entered into a partnership with them, then induced her to take their "loan", which was engineered to assure CrossHarbor and Byrne a priority lien control over the Collateral Properties and ownership control over the Club, then helped steer the Club into bankruptcy for the end result of "purchasing" the Club at a discount.

49. This scheme by CrossHarbor and Byrne was done only by defrauding the Debtor's numerous creditors.

50. Most concerning, Byrne and his team have personally stated this scheme was "evil" but "brilliant" and promised to earn them as much as a billion dollars. Meanwhile, the Debtor's creditors remain unpaid.

GENERAL ALLEGATIONS

1. THE $35M LOAN

51. On or about August 13, 2008, CrossHarbor entered into the $35M Loan.

52. Under the $35M Loan transaction, CrossHarbor purported to advance $35 million to the Debtor.

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[2] In fact, CrossHarbor and Byrne represented to the Debtor that her profit and the profit of the Yellowstone Club entities from partnering with them could be $1,027,753,000 and that its profit could be $567,643,000. See page 3 of Exhibit 12.

53. The $35M Loan was evidenced by two different promissory notes.

54. The first promissory note was in the face amount of $13 million and payable by the Debtor and Blixseth Group, Inc. to CIP Yellowstone Lending LLC, a Delaware limited liability company (hereinafter referred to as "**Note 1**").

55. The signatures on Note 1 are genuine and not forged.

56. A true and correct copy of Note 1 is attached hereto as **Exhibit 3**.

57. The second promissory note was in the face amount of $22 million and payable by the Debtor and Blixseth Group, Inc. to CIP Yellowstone Lending, LLC, a Delaware limited liability company (hereinafter referred to as "**Note 2**").

58. The signatures on Note 2 are genuine and not forged.

59. A true and correct copy of Note 2 is attached hereto as **Exhibit 4**.

60. Both Note 1 and Note 2 were to mature and in fact did mature on September 30, 2008.

61. Note 1 and Note 2 were secured by the Collateral Properties, each of which were owned directly by the Debtor or through the Debtor's wholly owned entity over which the Debtor had complete and absolute power of disposition.

62. Specifically, Note 1 is secured by a first position mortgage encumbering the Debtor's Montana real property within the Yellowstone Club commonly known as the Family Compound (hereinafter referred to as the "**1st Position Family Compound Mortgage**").

63. The signatures on the 1st Position Family Compound Mortgage are genuine and not forged.

64. A true and correct copy of the 1st Position Family Compound Mortgage is attached hereto as **Exhibit 5**.

65. Note 2 is secured by, among other things, a 3rd position mortgage on the Debtor's Family Compound (hereinafter referred to as the "**3rd Position Family Compound Mortgage**").

66. The signatures on the 3rd Position Family Compound Mortgage are genuine and not forged.

67. A true and correct copy of the 3rd Position Family Compound Mortgage is attached hereto as **Exhibit 6**.

68. Notes 1 and 2 were also secured by a first position deed of trust encumbering the Debtor's then personal residence in Rancho Mirage, California commonly known as Porcupine Creek (hereinafter referred to as the "**PC Deed of Trust**").

69. The signatures on the PC Deed of Trust are genuine and not forged.

70. A true and correct copy of the PC Deed of Trust is attached hereto as **Exhibit 7**.

71. Porcupine Creek contains the 18,340 square foot primary residence (the "**Mansion**") of the Debtor, four 600 sq. ft. casitas, four 1,860 sq. ft. guest "cottages", a golf Pro Shop, and a 19 hole golf course which has been ranked by Golf Digest as one of the 12 nicest golf courses in California.

72. Porcupine Creek is titled in the name of BLX Group, Inc., an Oregon Corporation.

73. At all relevant times, the Debtor was the sole shareholder of BLX Group, Inc.

74. At all times relevant, prior to the Agreement to Form, the Debtor enjoyed absolute power of disposition over all assets of BLX Group, Inc., including Porcupine Creek and the Yellowstone Club.

75. At all times relevant, the Debtor used Porcupine Creek as her personal residence.

76. At all times relevant, the Debtor held Porcupine Creek out as her personal residence.

77. At all times relevant, BLX Group, Inc. was the *alter ego* of the Debtor.

78. Notes 1 and 2 were also secured by first position deeds of trust on the Debtor's other real property located within Rancho Mirage, California commonly known as the Debtor's Gardess Road Properties.

79. Notes 1 and 2 contained cross-default provisions such that a default under the terms of one Note would automatically create a default in the other.

80. In connection with the $35M Loan transaction, the Debtor executed an "**Agreement to Form**" with CrossHarbor and Byrne, whereby the Debtor entered into a "Development Joint Venture" with CrossHarbor and Byrne with respect to the Yellowstone Club.

81. A true and correct copy of the executed Agreement to Form is attached hereto as **Exhibit 8**.

82. The signatures on the Agreement to Form are genuine and not forged.

83. The Agreement to Form evidences a pre-existing, current and future partnership arrangement between the Debtor, CrossHarbor and Byrne whereby CrossHarbor and Byrne would obtain ownership control over the Club in general and development rights with respect to the Family Compound.

84. In fact, according to the Debtor's testimony, when the $35M Loan transaction was executed, CrossHarbor did obtain management and ownership control over the Club.

85. The Debtor's performance of her obligations under the Agreement to Form is secured by yet another mortgage encumbering the Family Compound (hereinafter referred to as the "**Agreement to Form Mortgage**").

86. The signatures on the Agreement to Form Mortgage are genuine and not forged.

87. A true and correct copy of the Agreement to Form Mortgage is attached hereto as **Exhibit 9**.

88. Also evidencing the pre-existing, current and future partnership

arrangement between the Debtor and CrossHarbor are the PowerPoint presentations and "Summary of Proposed Ventures" created by CrossHarbor prior to the $35M Loan transaction (collectively the "**Joint Venture Documents**") which are attached hereto as **Exhibits 10, 11 and 12** respectively.

89. The Agreement to Form and Joint Venture Documents further evidence that CrossHarbor and Byrne intended to represent to the Debtor that the $35M Loan transaction was not really a loan but was in fact an integral component of a broader partnership relationship between the Debtor, CrossHarbor and Byrne with respect to development of the Yellowstone Club.

90. In this capacity, CrossHarbor and Byrne used the $35M Loan transaction not only as a means to gain the trust and confidence of the Debtor but also to gain complete control over the Debtor and ownership of the Family Compound, the Yellowstone Club and Porcupine Creek. Based on the terms of the documents that were part of the $35M Loan transaction, once the Debtor executed the $35M Loan documents, the Debtor's ability to retain possession of Porcupine Creek, and ownership of the Family Compound and the Club was wholly dependent on her cooperating with Byrne and CrossHarbor.

91. In addition to creating dominance and control over the Debtor and transferring ownership control of the Debtor's assets to Byrne and CrossHarbor, the Agreement to Form calls for Byrne and CrossHarbor to immediately infuse the Club with at least one hundred million dollars in capital.

92. Byrne and CrossHarbor never infused the Club with the working capital as represented in the Agreement to Form.

93. Instead, WCP believes that Byrne and CrossHarbor never intended to follow through on any of their representations and covenants made in the Agreement to Form or in the Joint Venture Documents but simply used those documents to induce the Debtor into the $35M Loan transaction.

94. To the extent that Byrne and CrossHarbor excuse their non-performance of their obligations under the Agreement to Form or Joint Venture Documents on the Debtor's failure to perform her obligations thereunder, CrossHarbor and Byrne entered into the Agreement to Form and $35M Loan transaction knowing or knowing with substantial certainty, or with reckless disregard for the truth, that the Debtor was not capable of performing her obligations thereunder.

95. Indeed, as evidence of the fact that Byrne and CrossHarbor did not view the $35M Loan as a real "loan" but as a means of obtaining ownership control over the Debtor, the Club and Collateral Properties and as a manifestation of their partnership with the Debtor, Byrne and CrossHarbor have truly treated the Debtor as an insider and a person for whom special treatment is to be afforded for their purposes.

96. In particular, despite the fact that the $35M Loan was in default from the moment it was executed and that the Loan has been in monetary default since at least September 30, 2008, CrossHarbor and Byrne have had an extremely close partnership relationship with the Debtor as follows:

(a) Byrne and CrossHarbor paid the wages and salaries of the Debtor's personal servants in the Mansion long after the $35M Loan matured and was in default and long after the Debtor filed for bankruptcy;

(b) As testified to by the Debtor, these personal servants were tasked with, among other things, doing the Debtor's laundry, replacing the Debtor's toilet paper and cooking her food;

(c) In addition, Byrne and CrossHarbor paid for the Debtor's other personal living expenses at Porcupine Creek long after the $35M Loan matured and was in default and long after the Debtor filed for bankruptcy;

(d) Byrne and CrossHarbor never required the Debtor to pay rent for her use and enjoyment of the Mansion, nor appoint a receiver to manage Porcupine Creek, despite their right to such remedies;

(e) Despite the fact that the Debtor owed Byrne and CrossHarbor over $35 million based on her defaults under the $35M Loan, WCP is informed and believes that Byrne and CrossHarbor have actually paid the Debtor over $100,000 as a “consultant” to the Club and for commissions in selling certain of the Club’s personal property; and

(f) WCP is informed and believes that the close partnership arrangement between Byrne and the Debtor will be evidenced by extensive and constant phone, email and text communications between them throughout 2008 and to the present;

97. WCP is further informed and believes that Byrne and CrossHarbor knew, reasonably should have known, or knew with substantial certainty or with reckless disregard for the truth, that certain material conditions in the Agreement to Form and Joint Venture Documents such as timely selling Chateau de Farcheville and refinancing by Archer Capital had such a low probability of occurring that they would not in fact happen as contemplated in those documents.

98. As such, Byrne and CrossHarbor nevertheless used the representations in the Agreement to Form and Joint Venture Documents to induce the Debtor into executing the $35M Loan transaction documents so that Byrne and CrossHarbor could guaranty themselves ownership control of the Club and the Collateral Properties for their own profit but to the detriment of the Debtor’s creditors.

99. Byrne and CrossHarbor’s intent in this regard is evidenced by the fact that they placed the Club into bankruptcy only 89 days after they obtained effective ownership control of the Club through the $35M Loan as they had planned to do since at least March of 2008, and despite their representation to the Debtor that they would raise

over $100 million in capital for the Club.

100. The 1st Position Family Compound Mortgage, the 3rd Position Family Compound Mortgage, the Agreement to Form Mortgage and the PC Deed of Trust all contain a "WARRANTIES" section wherein the Debtor represents, among other things, that at the time she executed these security instruments, there were no threatened or pending lawsuits or proceedings against her that would impact her ability to repay the obligations incurred in Notes 1 and 2, or to perform under the security documents.

101. The Debtor further represented and warranted in these security instruments that as of August 13, 2008, she was not in default "in the payment of the principal of or interest on any indebtedness for borrowed money and is not in default under any instrument or agreement under and subject to which any indebtedness for borrowed money has been issued, and no event has occurred under the provisions of any such instrument or agreement which with or without the lapse of time or the giving of notice, or both, constitutes or would constitute an event of default."

102. The representations made by the Debtor as described in Paragraphs 100 and 101 shall hereinafter be referred to as the "**Warranties**".

103. Should any of the Debtor's Warranties have been false, such falsity would have constituted a default under the 1st Position Family Compound Mortgage, the 3rd Position Family Compound Mortgage, the Agreement to Form Mortgage and the PC Deed of Trust.

104. In fact, when the Debtor executed the 1st Position Family Compound Mortgage, the 3rd Position Family Compound Mortgage, the Agreement to Form Mortgage and the PC Deed of Trust, the Warranties were false because the Debtor was in technical and monetary default on a number of her loan obligations including her obligations owed to Western Capital Partners LLC, amongst others.

105. Moreover, when the Debtor executed the 1st Position Family Compound Mortgage, the 3rd Position Family Compound Mortgage, the Agreement to Form

Mortgage and the PC Deed of Trust, the Warranties were false because the Debtor was in pending litigation which threatened to impair her ability to perform under Notes 1 and 2 as well the associated security instruments. In particular, as of August 13, 2008, the Debtor was a defendant in, amongst other cases, Case Nos. 3:06-cv-00056 and 3:06-cv-00145 in the United States District Court for the District of Nevada. On November 19, 2008, the Debtor confessed to judgments in those cases in an amount of not less than $25 million.

106. WCP is informed and believes based on the testimony of Byrne, the insider relationship between the Debtor, Byrne and CrossHarbor, and other documentary evidence, that Byrne and CrossHarbor knew on August 13, 2008 that the Debtor's Warranties were in fact false.

107. Based on the deposition testimony of the Debtor given by her on December 17, 2009, the Debtor was insolvent on August 13, 2008.

108. WCP is informed and believes that when the Debtor entered into the $35M Loan transaction, she was unable to pay her debts as they became due.

109. WCP is informed and believes that when the Debtor entered into the $35M Loan transaction, at fair valuations, the sum of the Debtor's debts was greater than all of the Debtor's assets.

110. WCP is informed and believes that when the Debtor entered into the $35M Loan transaction, she knew or reasonably should have known that the transaction would render her unable to pay her debts as they became due.

111. WCP is further informed and believes based on the testimony of Byrne, the insider relationship between the Debtor, Byrne and CrossHarbor, CrossHarbor's control of the Debtor, and CrossHarbor's representations in the Joint Venture Documents and other documentary evidence, that Byrne and CrossHarbor knew or should have known on August 13, 2008 that the Debtor was insolvent on a balance sheet basis.

112. WCP is further informed and believes based on the testimony of Byrne,

the insider relationship between the Debtor, Byrne and CrossHarbor, CrossHarbor's control of the Debtor, and CrossHarbor's representations in the Joint Venture Documents and other documentary evidence, that Byrne and CrossHarbor knew or should have known on August 13, 2008 that the Debtor was unable to pay her debts as they came due.

113. WCP is further informed and believes based on the testimony of Bryne, the insider relationship between the Debtor, Byrne and CrossHarbor, CrossHarbor's control of the Debtor, and CrossHarbor's representations in the Joint Venture Documents and other documentary evidence, that Byrne and CrossHarbor knew or should have known on August 13, 2008 that the $35M Loan transaction would have rendered the Debtor unable to pay her debts as they came due.

114. WCP is further informed and believes based on the testimony of Byrne, the insider relationship between the Debtor, Byrne and CrossHarbor, CrossHarbor's control of the Debtor, and CrossHarbor's representations in the Joint Venture Documents and other documentary evidence, that Byrne and CrossHarbor knew on August 13, 2008 that based on fair valuations, the sum of the Debtor's debts was greater than all of the Debtor's assets.

115. WCP is further informed and believes that if the Debtor was not insolvent prior to August 13, 2008, the $35M Loan transaction certainly rendered the Debtor insolvent.

116. The total disbursement of the funds advanced under the $35M Loan is represented in the executed "**Final Disbursement Schedule**," a true and correct copy of which is attached hereto as **Exhibit 13**.

117. The Final Disbursement Schedule was approved by CrossHarbor and Byrne at the time of the $35M Loan closing.

118. The disbursements reflected in the Final Disbursement Schedule are complete and accurate.

119. In relevant part, of the $35M Loan, CrossHarbor retained $13,094,973.33

to satisfy an existing debt that Mr. Blixseth owed to CrossHarbor and which was secured by a first position mortgage on the Family Compound and real property in the State of Washington.

120. In addition, of the $35M Loan, CrossHarbor advanced $4,944,396.17 to Mr. Blixseth to fund the Debtor's performance obligations owed to Mr. Blixseth in connection with closing their Marriage Settlement Agreement (the "**MSA**").

121. CrossHarbor further retained $253,000 for closing costs and $28,000 for pre-closing interest.

122. After all other disbursements from the $30,951,775.80 that CrossHarbor actually advanced under the $35M Loan, the Debtor received only $1,016,477.28 in loan proceeds.

123. Based on CrossHarbor's Final Settlement Statement, the disposition of at least $4,048,224.20 of the $35M Loan remains unaccounted for.

124. While the supposed purpose of the $35M Loan was to fund the Debtor's obligations to Mr. Blixseth in connection with closing the MSA, the true purpose of the $35M Loan, as engineered by Byrne and CrossHarbor, was for Byrne and CrossHarbor to obtain domination and control over the Debtor and guaranty an immediate transfer of effective ownership control of the Club, the Family Compound and Porcupine Creek from Mr. Blixseth to CrossHarbor and Byrne.

125. Through this $35M Loan, CrossHarbor and Byrne intentionally bypassed any ownership control the Debtor may have otherwise enjoyed of the Club, the Family Compound and Porcupine Creek as a result of the MSA. For this reason and others alleged herein and to be proven at trial, the Debtor received no reasonably equivalent value from the $35M Loan.

126. More importantly, however, the $35M Loan was designed by Byrne and CrossHarbor, for their own profit, to shield the Club, the Family Compound, and Porcupine Creek from the Debtor's plethora of creditors.

2. THE YELLOWSTONE CLUB AND THE IMPORTANCE OF THE FAMILY COMPOUND

A. The Yellowstone Club

127. The Club is an exclusive 13,000 plus acre master-planned residential and recreational community/retreat for high net worth members only.

128. On or about August of 2008 and as part of the MSA, the Debtor through her various entities purported to obtain ownership and control of the Club.

129. On November 10, 2008 Byrne and CrossHarbor, by and through the Debtor, placed the Club into bankruptcy, creating Case No. 08-61570 before this Court ("**Yellowstone Club Bankruptcy**").

130. In fact, on October 27, 2008, referring to his plans to put the Club into bankruptcy, Byrne stated, "I am going to write the 'plan' tonight to solve the entire YC debacle. It could be brilliant." *See* **Exhibit 14**.

131. An associate of Byrne's in response to this October 27, 2008 email stated, "Sounds dangerous . . . And possibly evil . . . It could be worth over 1 billion dollars . . . I hope it includes a dip and filing by Friday." Byrne ratified these statements of his associate by replying "It is brilliant." *See,* **Exhibit 14**.

132. CrossHarbor benefited or anticipated benefiting by the Debtor placing the Club into bankruptcy.

133. CrossHarbor through its various entities and subsidiaries currently owns and operates the Club.

134. CrossHarbor through its various entities and subsidiaries purchased the Club in approximately June of 2009 out of the Yellowstone Club Bankruptcy for a purchase price of approximately $115 million.

135. Prior to the Yellowstone Club Bankruptcy and the $35M Loan, CrossHarbor had previously negotiated with the Seller to purchase the Club for a significantly higher price than $115 million.

136. For example, in March of 2008, and after significant due diligence,

CrossHarbor and Byrne negotiated to purchase the Club from the Seller for approximately $455 million.

137. One obstacle, however, to Byrne purchasing the Club on terms favorable to him and CrossHarbor was that the Club was encumbered by a first position lien of approximately $309,376,110.42 to secure a debt owed to Credit Suisse ("**Credit Suisse Debt**").

138. To remove or reduce the Credit Suisse Debt, Byrne initially proposed to Mr. Blixseth in March of 2008 that Mr. Blixseth place the Club into a "pre-packaged" bankruptcy. See the March 25, 2008 email from Byrne to Mr. Blixseth attached hereto as **Exhibit 15**.

139. The Seller refused to do so.

140. Despite its on-going negotiations with the Seller, beginning in at least March of 2008, CrossHarbor had initiated discussions with the Debtor to form a joint venture or partnership whereby CrossHarbor, Byrne and the Debtor would jointly own and operate the Yellowstone Club, thereby relieving CrossHarbor from having to otherwise spend $455 million to purchase the Club.

141. In fact, as evidenced by the Joint Venture Documents attached hereto, CrossHarbor and Byrne induced the Debtor into forming a partnership by representing to the Debtor, through detailed financial projections, that the Debtor would personally profit by over $600 million through her partnership with Byrne and CrossHarbor.

142. The $35M Loan was a material component of the joint venture between CrossHarbor and the Debtor.

143. In fact, based on the testimony of Byrne, the purpose of CrossHarbor entering into the $35M Loan was to "stabilize the Yellowstone Club's ownership situation."

144. Just three months after the $35M Loan was executed, Byrne and the Debtor placed the Club into bankruptcy, just as Byrne had planned to do since at least

March of 2008.

145. Byrne eventually obtained complete ownership of the Club by "purchasing" the Club out of bankruptcy for $115 million, only 25% of what he had originally offered to pay for the Club just 15 months prior.

146. However, the "purchase" price of $115 million does not reflect the actual amount of what Byrne and CrossHarbor have expended in cash to "purchase" the Club.

147. In fact, much of the $115 million "purchase price" consists of an $80 million note and other credits that CrossHarbor and Byrne have structured to be satisfied through other means by other parties as set forth in the Third Amended Plan of Reorganization for the Club and other associated documents.

148. For example, of the approximately $35 million in "cash" that Byrne and CrossHarbor paid to "purchase" the Club, approximately $8-9 million of that "cash" was to purchase claims of certain "trade" creditors to whom the Club owed money. As part of the Third Amended Plan of Reorganization, CrossHarbor and Byrne are entitled to reimbursement of this $8-9 million as a priority class entitled to disbursements from any sums collected by the Yellowstone Club Liquidating Trustee.

149. Moreover, as a result of the Yellowstone Club Bankruptcy, the approximately $309,376,110.42 that previously encumbered the Club and which was owed to Credit Suisse, was reduced significantly, as Byrne had planned.

B. The Family Compound

150. The Family Compound is a 160+ acre relatively flat and developable piece of real property situated in one of the more desirable locations within the Club.

151. In approximately April of 2008, while Mr. Blixseth owned the Family Compound, CrossHarbor and Byrne secured preliminary plat approval from the Madison County Board of Commissioners for 41 development units at the Family Compound.

152. These development rights to the Family Compound were owned by the Club entities.

153. CrossHarbor's and Byrne's efforts in obtaining final plat approval of these 41 development units were made in conjunction with CrossHarbor's efforts to purchase the Family Compound from Mr. Blixseth for $56 million in as late as June of 2008.

154. In fact, a $56 million Purchase and Sale Agreement between Mr. Blixseth and CrossHarbor was recorded against the Family Compound on or about August 28, 2007.

155. A true and correct copy of this Purchase and Sale Agreement is attached hereto as **Exhibit 16**.

156. The residential development of the Family Compound for sale by CrossHarbor is a material component of Byrne's development plans for the Club.[3]

157. In particular, based on the representations and financial projections made to the Debtor in the Joint Venture Documents (Exhibit 12 hereto), Byrne's gross revenue projections for developing and building out the lots within the Family Compound totaled $179,264,000, with a total gross profit of $105,048,000.

158. On or about December 18, 2009, the Debtor's Chapter 7 Trustee filed a § 363 motion at Docket # 576 in Case No. 09-60452 seeking approval from this Court to sell the Family Compound free and clear of all liens (the "**363 Motion**").

159. The 363 Motion was drafted in large part by Byrne and CrossHarbor.

160. The 363 Motion sought approval of certain bidding procedures for the sale of the Family Compound.

161. As part of the proposed bidding procedures, the 363 Motion sought approval for CrossHarbor to purchase the Family Compound from the Debtor's estate by providing an $8 million credit bid off the 1st Position Family Compound Mortgage.

162. The 363 Motion further provided that should CrossHarbor be the successful bidder at the proposed sale of the Family Compound, that it would pay the

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[3] The Family Compound is referred to in the Joint Venture Documents and the Agreement to Form as the "Settlement Property" or "The Settlement – Attached Homes" or "The Settlement – Estate Lots".

Trustee $500,000 in cash as a "carve-out".

163. This Court found that CrossHarbor's proposed bidding procedures and other terms of the 363 Motion were not "intrinsically fair."

164. As should be clear by now, through the $35M Loan, Byrne and CrossHarbor assured themselves of obtaining the development rights to the Family Compound and the Family Compound's real estate for far less than the $56 million it had previously offered to pay for those assets. And further shielded those assets from the Debtor's creditors.

165. By obtaining ownership control of the Yellowstone Club through the $35M Loan, Byrne and CrossHarbor obtained the immediate development rights to the Family Compound.

166. Through the 1st Position Family Compound Mortgage, and the 3rd Position Family Compound Mortgage,[4] Byrne and CrossHarbor assured themselves of immediate ownership of the Family Compound real estate. Indeed, because the Agreement to Form guaranteed Byrne and CrossHarbor control over the development rights to the Family Compound, they eliminated entirely the ability of the Debtor to sell the Family Compound to a third party, or to have the Family Compound be of any meaningful value to the Debtor's creditors.

167. Thus, through the $35M Loan, Byrne and CrossHarbor ensured themselves ownership of the $56 million Family Compound and of the $455 million Yellowstone Club, but also ensured that these assets would not be available for the Debtor to sell to a third party or to be liquidated for the benefit of the Debtor's creditors.

[4] Through the 3rd Position Family Compound Mortgage and the junior lien holder redemption rights associated therewith, Byrne and CrossHarbor guaranteed that even if the Lemond parties attempted use their 2nd position lien on the Family Compound to obtain ownership of the Family Compound, or if some other party bid at the foreclosure of the 1st Position Family Compound Mortgage, Byrne and CrossHarbor could nevertheless use their 3rd Position Family Compound Mortgage to obtain final ownership of the Family Compound. And because of CrossHarbor's secured interests on the Family Compound were cross-collateralized with Porcupine Creek, CrossHarbor enjoyed the benefit of bidding as little debt as possible on the Family Compound, and placing all the deficiency on Porcupine Creek.

And they did this all for just $17 million of new funds advanced under the $35M Loan.

168. This effort was designed to enable CrossHarbor to acquire these valuable assets for less than they are worth and less than CrossHarbor and Byrne were otherwise willing to pay, all at the expense of the Debtor's creditors.

169. While this may have been a "brilliant" and profitable scheme for Byrne and CrossHarbor, it was a fraud on the Debtor's creditors

C. PORCUPINE CREEK

170. As previously discussed, Porcupine Creek was the Debtor's primary residence from approximately 2000 until February 2010.

171. During this time, the Debtor held out Porcupine Creek as her own personal residence (along with her husband while they were married).

172. With its lavish Mansion, multiple luxury guest "cottages", and 19 hole PGA golf course, Porcupine Creek is truly a unique estate.

173. As such, Porcupine Creek was a significant status symbol and cherished possession of the Debtor.

174. Moreover, the Debtor and her ex-husband used Porcupine Creek to entertain high net worth individuals as part of their marketing efforts to sell memberships and real estate in the Yellowstone Club.

175. Thus, Porcupine Creek was an integral component of the Yellowstone Club's success.

176. WCP is informed and believes the CrossHarbor and Byrne were aware of Porcupine Creek's importance as a marketing tool for the Yellowstone Club.

177. As part of her marriage settlement agreement with Mr. Blixseth, the Debtor was awarded ownership of Porcupine Creek as her separate property.

178. Because Porcupine Creek was titled in the name of BLX Group, Inc. (or its predecessor Blixseth Group, Inc.), the Debtor's award of Porcupine Creek out of the MSA was implemented through Mr. Blixseth assigning all of his shares in BLX Group,

Inc. to the Debtor.

179. Once Mr. Blixseth assigned all of his shares in BLX Group, Inc. to the Debtor, the Debtor became the sole owner of BLX Group, Inc.

180. As the sole owner of BLX Group, Inc., Debtor enjoyed complete and absolute power of disposition of Porcupine Creek and the Yellowstone Club entities, which were mostly owned by BLX Group, Inc.

181. Prior to the $35M Loan being executed, the Porcupine Creek real estate was free and clear of all liens.

182. Although BLX Group, Inc. held controlling ownership interests in other private entities including the Yellowstone Club entities Porcupine Creek was BLX Group, Inc.'s primary asset.

183. At all times relevant, BLX Group, Inc. conducted no business activities.

184. According to the Debtor's own testimony, the purpose for Porcupine Creek being acquired in the name of BLX Group, Inc. was to enjoy an advantageous tax benefit under I.R.C. § 1031.

185. At all times relevant, the Debtor used Porcupine Creek solely for her own personal use, enjoyment and attainment of stature in the eyes of the general public.

186. At all times relevant and particularly in connection with the $35M Loan, the Debtor encumbered the assets of BLX Group, Inc. for her own personal benefit.

187. In particular, the Debtor encumbered Porcupine Creek in connection with the $35M Loan to, amongst other reasons, help fund her obligations to close on her personal marriage settlement agreement with Mr. Blixseth.

188. Moreover, the Debtor encumbered Casa Captiva, a luxury residence located in Mexico and owned indirectly by BLX Group, Inc., with a mortgage (or similar security instrument) in favor of the Debtor's personal attorneys at the law firm of Liner Grode Stein Yankelevitz, Sunshine, Regenstreif & Taylor LLP to secure repayment of delinquent personal legal bills the Debtor owed to the Liner firm.

189. Moreover, following the $35M Loan, the Debtor encumbered Porcupine Creek with a host of other deeds of trust to secure repayment to lenders for loans advanced for the Debtor's personal benefit.

190. On June 16, 2008, Raymond L. Dozier, MAI, a Certified General Appraiser, appraised the "as is" benchmark market value of a fee simply interest in Porcupine Creek to be $207,590,000.[5]

FIRST CAUSE OF ACTION AGAINST ALL DEFENDANTS
(Actual Fraudulent Conveyance: California Civil Code 3439.04(a)(1); Montana Code § 31-2-333(1)(a))

191. WCP incorporates each of the foregoing allegations as if specifically set forth herein.

192. Based on the facts alleged above, CrossHarbor and Byrne intended to defraud, hinder and delay the Debtor's creditors from liquidating Porcupine Creek and the Family Compound.

193. The Family Compound is a material component of CrossHarbor's and Byrne's development plans for the Club.

194. Porcupine Creek was and is a material component of CrossHarbor's and Byrne's marketing development plans for the Club.

195. Byrne and CrossHarbor themselves projected that development of the Family Compound would net at least $105 million in gross profit to the owner of the Family Compound.

196. Byrne and CrossHarbor knew or knew with substantial certainty on August 13, 2008 that the Debtor and her closely-held entities owed hundreds of millions of dollars to various creditors including, without limitation, WCP and Credit Suisse.

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[5] WCP is aware that this Court has previously recognized that Mr. Dozier has issued appraisals for Porcupine Creek at $195,000,000 in October of 2007, and $128,000,000 in January of 2009. WCP relies on the $207,000,000 appraisal referenced above because it believes it may be more accurate with respect to the value of Porcupine Creek as of August 2008 as that appraisal is more contemporaneous with the August 13, 2008 loan.

197. Byrne and CrossHarbor knew that because the Debtor's and her related entities' debt obligations were of such enormity, that the Debtor's creditors would likely liquidate the Family Compound and Porcupine Creek to satisfy the Debtor's loan and judgment obligations.

198. Faced with the risk of losing the Family Compound, Porcupine Creek and even the Club to the Debtor's creditors, Byrne and CrossHarbor schemed the $35M Loan as a way to shield the Family Compound, the Club and Porcupine Creek from the Debtor's creditors, including, for example, WCP.

199. Byrne and CrossHarbor knew that the Debtor's Warranties in the $35M Loan documents were false at the time they were given.

200. Moreover, Byrne and CrossHarbor knew that the Debtor had no income with which to repay or satisfy her obligations under the $35M Loan.

201. Accordingly, Byrne and CrossHarbor knew that the Debtor was in default under the $35M Loan the moment she executed the relevant loan documents.

202. Therefore, through their first position security interests on the Family Compound and Porcupine Creek, Byrne and CrossHarbor knew at the moment the Debtor executed the $35M Loan, that they virtually assured themselves a fee interest in the Family Compound, Porcupine, and the other Collateral Properties, to the detriment of the Debtor's creditors.

203. In addition, the intent of CrossHarbor and Byrne to defraud hinder and delay the Debtor's creditors is further evidenced by the pattern and scheme of CrossHarbor and Byrne to obtain the Yellowstone Club, the Family Compound and Porcupine Creek at significant discounts, all the detriment of the Debtor's creditors but toward the goal of enormous profits to Byrne and CrossHarbor. See **Exhibit 17**, which represents public statements made by a principal of CrossHarbor that they have and will enjoy profits from their distressed purchase of the Yellowstone Club.

204. Specifically, Byrne and CrossHarbor initially agreed to pay the seller $455

million for the Yellowstone Club, and to pay Mr. Blixseth $56 million for the Family Compound. By at least March of 2008, CrossHarbor and Byrne realized that by dealing with the Debtor through her divorce proceedings and by promising to engage in a joint venture with her to develop the Club, they could obtain ownership control over the Club, without having to spend $455 million for the Club, or $56 million for the Family Compound.

205. This joint venture agreement between CrossHarbor, Byrne and the Debtor is evidenced in part in the Agreement to Form. To guaranty absolute security, however, that CrossHarbor and Byrne obtained the Debtor's most valuable assets before her other creditors could obtain those assets, and to obtain control and ownership of the Yellowstone Club, CrossHarbor and Byrne induced the Debtor to enter into the $35M Loan with the Debtor, whereby CrossHarbor and Byrne only advanced, at most $17 million in new funds, all under the guise of funding her MSA obligations. In short, Byrne and CrossHarbor knowingly obtained ownership in at least $263 million worth of the Debtor's assets and control of the Club, for only $17 million of new funds. And all for the purpose of ensuring that they obtained these assets before the Debtor's legitimate creditors did.

206. Having shielded the Debtor's most valuable assets from her creditors on August 13, 2008, Byrne and CrossHarbor then set out to do what they proposed to do in March of 2008, they put the Club into bankruptcy for the purpose of reducing the Club's obligations to Credit Suisse and its other creditors, which it successfully in fact did.

207. Of course, CrossHarbor did have to spend an additional $115 million to "purchase"[6] the Yellowstone Club out of bankruptcy, but this is only double what is was willing to pay for the Family Compound alone, and only $25% of what it was originally going to pay for the Club in an arms length transaction.

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[6] "Purchase" is a somewhat misleading term because in fact, CrossHarbor and Byrne owned and controlled the Yellowstone Club prior to putting it into bankruptcy.

208. This $115 million figure is even more shockingly low when viewed from the perspective that in 2007, CrossHarbor paid $54 million to obtain only 6% of the total deliverable lots available when the Club is completely developed.

209. Meanwhile, CrossHarbor publicly boasts about the profits it stands to gain from the Club, while the Debtor's legitimate creditors remain unpaid as a result of the aforementioned fraudulent transactions.

210. With respect to all facts alleged herein, Byrne and CrossHarbor knew, knew substantial certainty, or acted with reckless disregard to the fact that their conduct would prevent the Debtor's creditors from reaching her most valuable assets.

211. As insiders of the Debtor and by having dominance and control over the disposition of her assets, CrossHarbor's and Byrne's intent is imputed to her.

SECOND CAUSE OF ACTION AGAINST ALL DEFENDANTS
(Fraudulent Conveyance: California Civil Code 3439.04(a)(2)(B); Montana Code § 31-2-333(1)(b)(ii))

212. WCP incorporates each of the foregoing allegations as if specifically set forth herein.

213. The Debtor did not receive reasonably equivalent value for the $35M Loan.

214. As discussed above, under the $35M Loan, CrossHarbor and Byrne advanced only $17 million in new funds to the Debtor.

215. WCP believes that CrossHarbor retained $4.1 million of the $35 million for itself.

216. CrossHarbor retained $13 million of the $35 million to payoff an antecedent debt owed to CrossHarbor by Mr. Blixseth personally.

217. The remaining $17 million that was actually advanced under the $35M Loan was essentially the incremental price that CrossHarbor and Byrne paid to purchase the Family Compound and Porcupine Creek from the Debtor.

218. Under the circumstances alleged above, this $17 million advanced under the $35M Loan did not constitute reasonably equivalent value for the Family Compound, which CrossHarbor and Byrne valued at $56 million, and Porcupine Creek valued at $207 million, because the senior 1st Position Family Compound Mortgage and Porcupine Creek Deed of Trust were in default the moment that the Debtor executed those documents, thereby causing CrossHarbor and Byrne to effectively become the fee owners of those assets on August 13, 2008 for only $17 million in new funds.

219. When the Debtor executed the $35M Loan, the Debtor knew or should have known that the she was incurring debts beyond her means to pay them as they came due.

220. As insiders of the Debtor and by having dominance and control over the disposition of her assets, CrossHarbor and Byrne knew or should have known that the $35M Loan caused the Debtor to incur debts beyond the Debtor's ability to repay them as they became due. This knowledge or foreseeability by CrossHarbor and Byrne are imputed to the Debtor based on their insider status, control and dominance of the Debtor.

THIRD CAUSE OF ACTION AGAINST ALL DEFENDANTS
(Constructive Fraudulent Conveyance: California Civil Code 3439.05; Montana Code § 31-2-334)

221. WCP incorporates each of the foregoing allegations as if specifically set forth herein.

222. For the reasons set forth above, the Debtor did not receive reasonably equivalent value in connection with her obligations and conveyances under the $35M Loan.

223. For the reasons set forth above, the Debtor was insolvent when she executed the $35M Loan or was rendered insolvent as a result of the Transaction.

FOURTH CAUSE OF ACTION AGAINST ALL DEFENDANTS
(Punitive Damages: Cal. Civ. Code 3294; Montana Code § 27-1-221)

224. WCP incorporates each of the foregoing allegations as if specifically set forth herein.

225. The conduct of Byrne and CrossHarbor as described herein was done with actual malice, oppression and fraud to the detriment of the Debtor's creditors.

226. Specifically, by engaging in the scheme to shield the Debtor's assets from the Debtor's creditors and to obtain Porcupine Creek, the Family Compound and the Yellowstone Club at substantial discounts to their true value, Byrne and CrossHarbor engaged in unconscionable conduct to reap huge profits for themselves with extreme indifference to the fact that the Debtor's creditors would, as a result, be left penniless.

227. What is more unconscionable is that CrossHarbor is now publicly boasting about the profits it seeks to gain from its distressed acquisition of the Yellowstone Club. These profits that CrossHarbor is now boasting about are borne on the backs of the Debtor's secured and unsecured creditors who now face her administratively insolvent bankruptcy estate.

228. Such conduct warrants an imposition of punitive damages against CrossHarbor.

WHEREFORE, Western Capital Partners LLC, on behalf of the Debtor's estate, hereby prays that this court enter Judgment against Defendants, and each of them, as follows:

1. For an order declaring that the Debtor's execution and recordation of the Porcupine Creek Deed of Trust, the 1st Position Family Compound Mortgage, the 3rd Position Family Compound Mortgage, and the Agreement to Form Mortgage were fraudulent transfers;

2. For an order declaring that the $35M Loan was a fraudulent transfer;

3. For an order setting aside and avoiding the Porcupine Creek Deed of

Trust, the 1st Position Family Compound Mortgage, the 3rd Position Family Compound Mortgage, and the Agreement to Form Mortgage;

4. For an order reforming the PC Deed of Trust, the 1st Position Family Compound Mortgage, the 3rd Position Family Compound Mortgage and all other security documents associated with the $35 Million Loan to make the Debtor's bankruptcy estate the beneficiary thereof;

5. For an order reforming the PC Deed of Trust, the 1st Position Family Compound Mortgage, the 3rd Position Family Compound Mortgage and all other security documents associated with the $35 Million Loan to make the damages suffered by the Debtor's estate as alleged herein, and WCP's attorneys' fees and appropriate compensation for bringing this suit to be included as secured obligations under those security documents should this Court reform such documents to make the Debtor's estate the beneficiary thereof;

6. For an order nullifying the Agreement to Form;

7. For an order requiring that Byrne, CrossHarbor, the Debtor or any other necessary party execute any and all necessary documents to assign any and all development entitlements for the Family Compound to the fee owner of the Family Compound or the Debtor's estate (if appropriate), or for any other appropriate order from this Court transferring the development rights to the Family Compound to any appropriate equitable fee owner of the Family Compound, including, if appropriate, the Debtor's estate;

8. For an order from this Court deeming the amount paid by CrossHarbor or its affiliates in the Yellowstone Club's Third Amended Plan of Reorganization to purchase the claims of the trade creditors be deemed to be a satisfaction of those claims for which CrossHarbor and/or its affiliates are not entitled to recovery out of sums collected and disbursed by the Yellowstone Club Liquidating Trust;

9. For a judgment against the Defendants in an amount to be proven at trial

and as allowed under California Civil Code 3439.08(b) and Montana Code Annotated 31-2-340(2) or as otherwise allowed under the applicable Uniform Fraudulent Transfer Act;

10. Punitive damages;

11. WCP's costs of suit incurred herein;

12. WCP's attorneys' fees incurred herein;

13. For such other appropriate compensation to WCP for bringing suit as this Court may order; and

14. Any other relief the circumstances may require and which this Court deeds just and proper.

Dated this 23rd day of March, 2010 HATCH JACOBS LLC

By: */s/ Robert W. Hatch, II*
Robert W. Hatch, II
Christopher J. Conant
Attorneys for Western Capital Partners LLC